



10 DOWNING STREET

THE PRIME MINISTER

7 October 1983

My dear Dr. Hammer,

I was pleased to receive your letter of 13 September about unitary taxation. The efforts of yourself and your colleagues in opposing the use of the worldwide combined method of taxation in the United States are much appreciated in this country. They are valuable steps in the campaign to establish the equitable international taxation regime we all desire. Naturally I was disappointed that President Reagan recently decided neither to file an amicus curiae brief for the rehearing of the Container Corporation case nor to sponsor legislation prohibiting this method of taxation. Instead, as you are no doubt aware, a working group consisting of representatives from business and the federal and state governments is to be set up to explore the states' use of the worldwide method of unitary taxation. When I raised this issue during my recent visit to Washington I received assurances that the task of the working group is a matter of primary importance and that it would be reporting within the next few months.

I shall be continuing to stress our belief that the continued existence of this system may harm the splendid political and trading relationships between our countries. It is reassuring to see that people such as yourself who play such an important part in the United States economy share our concern and are making that concern known to the President,

Warm regards,
Yours sincerely
Margaret Thatcher

Dr. Armand Hammer